Department of State

(21)

TELEGRAM

EXCISE

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ORIGIN OES-09

INFO OCT-01 EA-10 ISO-00 DOE-15 SOE-02 L-03 ACDA-12
INRE-00 NSCE-00 CIAE-00 INR-10 IO-14 NSAE-00
EB-08 NRC-05 DODE-00 SS-15 SP-02 CEQ-01 PM-05
SAS-02 /114 R

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OES/NET/NEP - R DEMING
L/N - R BETTAUER
ACDA/NX - D RUST (INFO)
EA/K - R RICK/J GOSNELL (SUBS)

DEPARTMENT OF STATE A/CDC/MR
REVIEWED BY [redacted] DATE 5/21/82
PORTIONS DENIED AS INDICATED

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FM SECSTATE WASHDC
TO AMEMBASSY SEOUL IMMEDIATE

C O N F I D E N T I A L STATE 324178

E.O. 12065: GDS

TAGS: TECH, ENRG, KS

SUBJECT: KOREA NUCLEAR UNITS 7 AND 8 -- MEGAWATT CEILING

REF: A) SEOUL 11018; B) STATE 304437; C) STATE 302439;
D) STATE 300047

1. REGRET THAT NEITHER SUNG NOR KIM BELIEVE THAT U.S. PROPOSAL (REFTEL B), AS FORMULATED IN DIPLOMATIC NOTE (REFTEL C), APPEARS TO BE ADEQUATE SOLUTION TO THE 115-MWE CIELING-SHORTAGE PROBLEM.

2. STATE AND DOE HAVE BEEN TRYING TO COME UP WITH SOME
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SORT OF INGENIOUS SOLUTION TO THE PROBLEM, AS SUGGESTED BY

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SUNG IN PARA 4 OF REFTEL A, BUT ARE LIMITED BY LEGAL OR PRACTICAL BARRIERS. ALTHOUGH DOE ENRICHMENT SERVICES CONTRACTS PROVIDE FLEXIBILITY FOR INCREASES (OR DECREASES) IN ENRICHED URANIUM NEEDED DUE TO CHANGES IN REACTOR OUTPUT, SUBJECT TO AGREEMENT OF THE PARTIES, WE DO NOT REPEAT NOT HAVE ANY FLEXIBILITY TO EXCEED THE MWE CEILING OF TOTAL INSTALLED CAPACITY SET FORTH IN THE AGREEMENT FOR COOPERATION. CONCRETE SOLUTION, THEREFORE, REMAINS NEW AGREEMENT WITH INCREASED CEILING.

3.

b1 (ED)

4. IF KOREANS SEEK ADDITIONAL CLARIFICATION OF ASSURANCES WITH RESPECT TO FUEL SUPPLY, YOU MAY NOTE THAT IN ADDITION TO THE ASSURANCE OF U.S. GOVERNMENT'S INTENT TO REMAIN A RELIABLE SUPPLIER OF FUEL TO KOREA AS EXPLAINED IN DIPLOMATIC NOTE, PRESIDENT CARTER, IN 7 APRIL 1977 PUBLIC STATEMENT OF

U.S. POLICY ON NUCLEAR NON-PROLIFERATION, ANNOUNCED THAT U.S. WILL INCREASE OUR "CAPACITY TO PRODUCE NUCLEAR FUELS, ENRICHED URANIUM IN PARTICULAR, TO PROVIDE ADEQUATE AND TIMELY SUPPLIES TO COUNTRIES THAT NEED THEM...," THUS, U.S. ASSURANCES ON CONTINUED ABILTY TO SUPPLY FUEL COME FROM HIGHEST LEVELS OF U.S. GOVERNMENT. IN THIS CONNECTION, WE ARE PREPARED TO PROVIDE THE FOLLOWING ASSURANCE IN WRITING: QUOTE WITH RESPECT TO COOPERATION CONCERNING SUPPLY TO KOREA OF FUEL FOR THE KORI 7, 8, 9, AND 10 NUCLEAR POWER PLANTS, AS IN THE CASE OF PREVIOUSLY SUPPLIED U.S. REACTORS, THE U.S.

INTENDS TO ASSURE THAT KOREA RECEIVES TREATMENT NO LESS FAVORABLE THAN THE TREATMENT THE U.S. MAY GENERALLY ACCORD TO OTHER PARTIES WITH WHICH IT COOPERATES UNQUOTE.

5. FYI: AS EMBASSY IS AWARE, INITIAL DISCUSSIONS ON THE AGREEMENT WERE HELD IN SEPTEMBER IN WASHINGTON AND THE SECOND ROUND IS NOW SCHEDULED FOR FEBRUARY 16 AND 17 IN SEOUL. WHEN WE HAD PROPOSED SECOND MEETING, WE WERE ADVISED THAT THE ROKG DID NOT WISH TO BEGIN DISCUSSIONS AT SUCH AN EARLY DATE SINCE IT DID NOT WISH TO "GET OUT IN FRONT" OF SIMILAR U.S. NEGOTIATIONS WITH OTHER NATIONS. AS EMBASSY AWARE, WE HAVE REQUESTED MEETING ON FEBRUARY 16. END FYI

6. ALTHOUGH WE EXPECT THE FOLLOWING ADDITIONAL POINTS HAVE BEEN MADE WITH KECO BEFORE, THEY MAY BE MADE AGAIN:

A. THERE IS NO CEILING ON THE MEGAWATT RATING OF THE REACTORS WHICH MAY BE EXPORTED FROM THE U.S. TO KOREA; THE CEILING APPLIES ONLY TO FUEL (I.E., ENRICHMENT SERVICES).

B. THE SUPPLY OF A REACTOR AND OF ITS FUEL ARE ESSENTIALLY SEPARATE TRANSACTIONS AND UNDER THE NEW DOE ENRICHMENT CONTRACT, FRACTIONAL CONTRACTING IS PERMITTED. THUS, IF KECO FEELS THAT IT MUST FULLY COVER THE NEEDS OF UNIT 8 AT THIS

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TIME IT COULD ARRANGE THIS, FOR EXAMPLE, THROUGH FRACTIONAL CONTRACTING WITH DOE, AND A SUPPLEMENTAL ENRICHMENT SERVICES CONTRACT COVERING THE SHORTFALL WITH EURODIF OR URENCO. WE EXPECT THAT EITHER WOULD BE INTERESTED IN SUCH A CONTRACT AT THE PRESENT TIME. [ ] b-1, Ed

C. ACTUAL REACTOR NEEDS SELDOM MATCH ESTIMATED SEPARATIVE WORK REQUIREMENTS AND, WITH TECHNICAL ADVANCES, FUEL CYCLES WILL CHANGE OVER THE YEARS, WHICH MAY EITHER INCREASE OR REDUCE THE SEPARATIVE-WORK REQUIREMENTS. VANCE

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